

9 . Economic Development and Employment

Cambridge's economic success, whether it is measured by the jobs provided to city residents or the taxes paid to support City services, has depended in the past and will continue to depend in the future, on the synergism created among and between major research institutions, its well educated and trained citizenry, the wide range of physical places where enterprise can settle, and a pragmatic regulatory environment where problems can be anticipated and solutions found in advance of serious conflict.

Assumption

>A strong commercial and industrial/and use component is vital to the maintenance of Cambridge's general economic health.

Just as the city is not expected to grow all the food its citizens require, or provide all the services that are necessary for any family, it is not reasonable to expect that a city can be totally self-sufficient in the revenue required to deliver its public services. Nevertheless, the past decade has illustrated the advantages to any city of a healthy and diverse economic base. For most of the decade Cambridge has maintained a very low unemployment rate, even below that enjoyed by the state as a whole during the most heady economic growth years. Even now with falling employment everywhere, the city still fairs better than the Commonwealth as a whole. When Cambridge residents are employed they of course are more easily able to contribute to the city's total well being.

Perhaps more dramatically, the burden of financing City government has shifted and now rests most extensively on the non residential portion of the City's commitment list. In 1990, two-thirds of the City's total property tax levy was secured from industrial and commercial property, reversing the burden borne by Cambridge's homeowners as recently as 1981. While the pace and scope of commercial expansion in the 1980s cannot be considered the norm for all time, the consequence of that expansion does indicate the great financial power, flexibility and freedom granted to the City when an increasingly valuable and dynamic industrial and commercial sector can be maintained. Since 1984 the City has been able to finance \$200,000,000 in capital investments. In the previous decade no money went to such improvements and the City was effectively excluded from

capital markets. The great challenge facing Cambridge today is to determine the appropriate pace and scope of the future expansion and development of the city's non residential land use component.

Assumptions

> The health of the city's industrial sector is fundamentally dependent on its ability to respond to the change and innovation demanded by the national and international economy.

> The city's dense, inner metropolitan location, its historic development pattern, and its resultant cost structure make it an inappropriate and non competitive location for enterprises for whom production costs, parking availability and other factors, found in more favorable quantities in the suburbs, are of uppermost concern.

> The city's industrial and commercial advantages lie in its proximity to and the density of innovative enterprises and individuals and in the opportunities to nurture new ideas in a wide range of physical locations that can adapt to changed requirements for new enterprises.

> Land use regulations should permit flexibility of uses and provide a wide range of physical space from low-density R and D for start-up operations, to modern, specially designed high-technology facilities.

The miracle of Cambridge's commercial expansion in the 1980s is noted in the fact that most of the new commercial space created in that decade has been filled through the expansion of enterprises indigenous to Cambridge and frequently non existent fifteen or twenty years ago. Without the innovation and invention spawned in the creative environment of Cambridge, the dying and migrating industries that characterized the city twenty years ago might not have been replaced by the dynamic and cutting edge enterprises that typify the city today. It has not been the service industries of downtown Boston or the land hungry back office and manufacturing enterprises of the suburbs that Cambridge has secured. Rather it is a unique mix of innovative enterprises that enjoy and indeed require the city's intense intellectual and experimental environment that feed the local economy and choose to make Cambridge home. It would appear to be the city's special niche to nurture new ventures where the stimulation of competition, innovation and collaboration on the part of others engaged in similar enterprises outweighs the costs of a city location. These costs include high rent, lack of parking, and all the other space and cost factors that suburbs can offer more cheaply and which appear to tempt even Cambridge bred companies as they mature.

The city's special need is to provide those physical environments that make insecure early experimentation possible, as well as those specialized environments that permit the more mature experimentation and prototypical manufacturing that success demands.

Assumptions

>Existing retail districts should be strengthened and reinvigorated where necessary; new retail districts should not be encouraged and are not needed.

>Each retail area should be recognized for its unique assets, opportunities and functions and those aspects should be strengthened.

>Development patterns in all commercial and industrial districts should be controlled to minimize negative impacts on abutting residential neighborhoods.

Cambridge is well served by retail squares and corridors which have for the most part been in existence in one form or other for decades. Each one has unique aspects in scale, appearance, services provided and the variable extent to which they serve the local community, the city as a whole or a wider region extending well beyond Cambridge. Only in East Cambridge with the establishment of the regional retail mall exceeding 700,000 square feet in area has the City consciously sought to establish a new retail center with no historical precedent; it seems unlikely that any attempt should be made to establish any other completely new retail complex in the future anywhere in the city.

Harvard and Central Squares have special qualities that derive from their historical development.



The existing districts in their many guises should, however, be supported through public policy in several ways. To the extent that it is feasible, given the propensity of shoppers to drive to perform even the most routine shopping errand, every effort should be made to retain and encourage that element in each district's mix of enterprises that serves the needs of the abutting community.

Where a special character has emerged or is latent in a district's existing businesses, such as the international flavor of the ethnic restaurants of Central Square or the academic ambience of the many bookstores in Harvard Square, that special character should be encouraged.

Finally, whatever its function, each retail district should employ a scale and design that ensures its day to day functioning is compatible with and not intrusive upon the residential neighbors that in so many cases lie just beyond the commercial facades.

The City's ability to control market aspects of retail districts beyond the scale, density and character of the physical structures built is very limited; such actions as are useful and effective should be employed to sustain the diverse character of the city's retail districts.

Assumption

> Development approved within the context of an area-wide design plan should be supported through to completion; nevertheless where plans have become obsolete or unfulfilled, additional planning review is appropriate.

The development of an urban design plan, from conception to completion and execution requires multiple efforts from many individual public and private groups and may take a decade or more. For example, East Cambridge riverfront planning was initiated in the late 1970s and it is only now nearing completion as a physical reality in 1993.

Commitment to that plan on the part of the City, demonstrated through substantial financial expenditures and consistent application of agreed upon standards during the years of public review of the several private projects that physically created the plan, was essential to instill the confidence necessary on the part of private land owners and developers who were asked to invest heavily in time and money on the promise that the City would stay the course for a decade or more. However, as the decade of the 1980s indicated, ten years can reveal much, including poor choices with regard to development policy or inadequacies in the mechanisms employed by the City to control and shape the physical environment. Whatever its policies, the City must be flexible enough to respond to changing circumstances where necessary but also steadfast enough to provide a policy environment in which private decisions can be made with regard to investment for the future with reasonable assurance that those investments can bear fruit.

Assumption

>Cambridge residents should be given the opportunity to maximize their access to the job opportunities offered by economic enterprises housed within the city.

The city's businesses are a vital source of employment. Today in Cambridge, there are more jobs (103,227) than residents (95,802). However, only 20.6% of the city's residents work in Cambridge. This figure has steadily declined from 1970 when 31.8% of all residents also worked in Cambridge. This is due, in part, to the changing nature of the economy and the types of jobs available in the city.

It is important for several reasons that Cambridge residents be given every opportunity to take advantage of job possibilities within the city and share in and contribute to the benefits of the local economy. A skilled local workforce is a major asset in attracting new businesses to Cambridge and helps strengthen the city's economic base. In addition, employees who live near their jobs have a number of transportation alternatives available to them, reducing their dependence on the automobile and decreasing the amount of traffic and congestion in the city. Reduced commuting time also allows individuals greater flexibility in their personal lives and enables them to spend more time on activities of their choice.

To increase the participation of city residents in the local economy, it is necessary to provide a mix of employment opportunities requiring a range of skill levels.

Economic Development and Employment Policies

The ability of the City to implement the policy directions suggested in other functional areas will depend in large measure on the success with which it advances the following economic development policies.

Evolving Industrial Areas

While much of Cambridge can be expected to change very slowly and only within a very limited range, the city's old line industrial districts, in the eastern portion of Cambridge and in Alewife, can be expected to change radically in the years ahead as they did in the most recent decade of substantial growth. Because they constitute such a large area (more than ten percent of the total area of the city) and are already evolving physically in response to the market forces changing the nature of the regional and



The former Ford Assembly Plant is being renovated for occupancy by a firm that specializes in personal emergency response systems.

national economy, these districts provide an opportunity to address many of the city's land use policy objectives with the least conflict with established development patterns and between and among the various policies.

Nevertheless such a nirvana can only be achieved if there is a clear recognition that the land resource is not unlimited, that many choices have already been made that limit future options, and that in many circumstances land use and policy conflicts can only be avoided in the context of detailed land use plans in force over many years. Careful recognition also must be made of the external impacts changes within these districts can make on abutting, established residential neighborhoods.

Given the wide recognition that these districts are a unique asset, the city is faced with the task of outlining the development process and establishing the physical plan by which its multiple objectives can be met in a reasonable way in these areas.

Many policy objectives unrelated to economic development can be most easily satisfied within anyone of the several industrial areas within the city. Without a careful process for detailing the recommended mix of uses in such districts, the City's economic policy objectives may, over time, be severely compromised. Even within the more limited policy field of economic development, careful planning is required to assure that, as an instance, unimproved industrial areas, important in incubating future industrial activity, are not lost in the process of redevelopment.

Cambridge has experienced successive waves of technology innovation in computer hardware, software, biotechnology, and perhaps now parallel processing super computers. It is important that less expensive and relatively unimproved land and buildings remain available in order to accommodate future incipient technologies; in addition it is important that there be a diversity of industrial land uses to avoid dependence on any single or limited range of industries.

Within the clear limits imposed by the City's limited ability to shape and direct economic forces, a comprehensive plan for development in these areas offers the best opportunity to preserve the diversity of development characteristics so important to the city's economic future.

It can be expected that these areas will provide the greatest opportunity to add to the city's inventory of jobs and its tax base, two elements that will maintain the city's future economic health as they did in the decade just past. Where infrastructure is already in place and when external impacts on city neighborhoods can be controlled, the new jobs and enhanced revenue potential from such districts is particularly valuable because the added costs to the city can be minimal.

POLICY 34

Cambridge's evolving industrial areas are a valuable resource whose mix of uses must be carefully planned over the next twenty years.

POLICY 35

Appropriate development in the city's evolving industrial areas should be encouraged to maintain the city's overall economic health, to expand the tax base, and expand job opportunities for Cambridge residents.

POLICY 36

The observable trend towards the development of clusters of related uses in the city's evolving industrial areas should be strengthened through the city's land use policies.

POLICY 37

In evolving industrial areas for which economic development, urban design, or other plans have been developed, private phased development consistent with those plans should be permitted to develop to completion, even if completion may take more than a decade.

Policy 36 recognizes that in many knowledge intensive industries, companies cluster together geographically as they grow. This clustering facilitates formal and informal information flow among companies that enables them to stay ahead of rapidly changing technologies and commercial applications. These clusters can serve as important focal points of economic growth with the establishment of ancillary supply networks and related service activities.

To be successful the clusters rely heavily on the accumulated skills of the local workforce and on clear and understandable regulation relating to their industries.

A phased development, which may require ten years or more to achieve completion, depends on a confidence in the future character of an area to justify the initial investment which may only reap an adequate return as the project nears completion. Policy 37 suggests that a publicly approved master or urban design plan is important in establishing that confidence and that it is essential that private development schemes consistent with the public vision be granted the protection to unfold as intended.

Circumstances change, however, and unforeseen negative impacts can arise over the life of a multi-year project. In the most egregious circumstances the city must be able to adjust its policy direction. But such change in direction must be done prudently, after considerable analysis of the impact on all parties involved, and only after every approved project has a reasonable opportunity to fulfill its intended objectives.

The constant renewal of the local economy through the growth of new companies, responding to new market forces and new technologies, is critical to the city's economic health. Over time, new activities and processes may come and go in a company and the physical form required for each may vary. Policy 38 implies that to the extent that the unforeseen evolutionary path of a new company can be accommodated flexibly within the City's land use regulatory framework the better the city can benefit from the varied employment patterns and financial returns these growing enterprises supply.

However, the desirability of granting significant regulatory flexibility to permit new enterprises to evolve naturally, in ways difficult to anticipate, must be balanced by the need to define those limits beyond which development will not be allowed to proceed or those paths it will not be allowed to follow. These limits are necessary to contain or prevent the negative impacts that might be spun off onto abutting residential neighborhoods (Policy 39).

POLICY 38

Within clearly established limits, land use regulations in the evolving industrial areas should recognize the need for flexibility of use - as for instance between office, research, and light manufacturing activities - and provide for a wide range of density options throughout the city including those which foster research and development and start-up operations.

POLICY 39

Development patterns in all nonresidential areas must be planned to minimize negative impact on abutting residential neighborhoods.

Employment

Of course every Cambridge resident need not find a job within the city, and every resident should be able to secure the best possible employment available within the region. However, many advantages accrue to the city and its residents, among them reduced commuting requirements, if employment opportunities present in Cambridge are made available to its residents. As a corollary, the ready availability of a well skilled work force is an additional incentive to locate a business or industry in the city.

POLICY 40

The City should actively assist its residents in developing the skills necessary for them to take full advantage of the city's changing economic makeup and to provide the personnel resources which would make Cambridge a desirable place to locate and expand.

POLICY 41

The benefits of a strong employment base should be extended to portions of the resident population that have not benefitted in the past; the City should support appropriate training programs that advance this objective.

Policies 40 and 41 suggest that an evolving economy provides for an ever changing mix of job opportunities and required job skills. Responsive education and job training efforts can help residents adapt to these changes. In Cambridge, market forces naturally lead to the creation of many high-skill and knowledge-intensive job opportunities due to the presence of the universities. However, it is important to facilitate the expansion of other companies which rely on a wide range of skill levels in their employees in order to provide employment for the wide diversity of people who reside in Cambridge.



Encouraging Business and Industries

In the 1990s, retention and expansion of appropriate industrial and commercial activity in the city will depend on the skill with which Cambridge can remain competitive with other communities in the metropolitan area, both urban and suburban. In some areas of the city that may mean no more than sustaining the existing comprehensive services now provided. In other areas in need of revitalization, however, an active effort must be undertaken to nurture and sustain renewal and balanced growth. In many circumstances the effort will be to retain existing firms; in others it will be to offer and support entrepreneurial opportunities. A particular focus will be on emerging technologies and providing the incentives, whether through training of the resident workforce or rationalizing and simplifying the permitting and regulatory process, that can strengthen the city's real advantages for many kinds of economic activity.



The former Henderson Carriage Factory was rehabilitated for use by a variety of occupants, including a restaurant, a bank, and several small firms.

POLICY 42

While recognizing some of the disadvantages of any urban location for many kinds of manufacturing activities, the City should make every effort to retain and recruit a wide range of enterprises suitable for a Cambridge location, presently, or in the future as manufacturing processes evolve and change. Where possible the disadvantages should be minimized and the real advantages strengthened for manufacturing activities that can widen the city's job base and solidify its economic vitality.

POLICY 43

The City should establish the regulatory environment and provide the support necessary to encourage the establishment of manufacturing activities for which the city may be a suitable location in the future.

POLICY 44

The City should actively cultivate a regulatory and policy environment that assists in the retention of existing industries, supports the creation of new businesses and the innovative thinking that precedes it, retains an inventory of low-cost space necessary for fledgling enterprises, and fosters an innovative environment where entrepreneurship thrives.

POLICY 45

Specialized economic activities for which Cambridge is a congenial host, such as the tourism and hospitality industries, should be supported.

POLICY 46

The diversity, quality, and vigor of the city's physical, ethnic, cultural, and educational environment should be nurtured and strengthened as a fundamental source of the city's economic viability. More specifically, minority businesses and economic entrepreneurship should be encouraged.

Urban congestion and high taxes may make many companies look to other metropolitan locations for expansion opportunities or for relocation. Yet for many companies the presence of the universities, the variety of intellectual exploration, the opportunities for urban living, the quality of services and the diversity of populations are all viewed as assets which can compensate in part for the added costs and regulation a Cambridge location might entail. In the new economic climate of the 1990s, benign inattention to our disadvantages cannot be tolerated; every effort must be made to reduce costs and minimize regulatory excess or unpredictability.

Policies 42 to 44 suggest that through appropriate zoning, finance programs, tax incentives and other effective means, modern manufacturing activities traditionally expected to seek suburban locations can be made a more likely component of Cambridge commerce in the future. Manufacturing operations often provide a wider range of good-wage jobs for people of differing skill levels and are less likely to relocate once established than other more mobile activities.

Cambridge has a wealth of resources and attractions that sustain a substantial tourist trade. With concerted effort the benefits that can be derived from that activity can be further developed and enhanced. While many advantages can accrue through cooperation on a regional level, Policy 45 suggests that the unique opportunities in Cambridge should be explored and developed in a manner consistent with the city's strengths, resources and limitations.

Diversity

Critical to the development of minority communities is the fostering of entrepreneurial opportunities within them. Through financing, technical services and other assistance, existing enterprises can be aided and new minority business formation encouraged. Policy 46 recommends that minority business development be encouraged throughout the economic environment in Cambridge to serve all city residents.

Retail Activity

The city's retail districts are as varied as any aspects of the city's economic life and physical form. They provide vital services to its neighborhoods and provide significant revenues to finance City services. The task facing the city is to maintain the retail districts' unique variety, maintain their viability in the face of suburban competition, and retain the services they provide directly to city neighborhoods.

The existing retail areas of the city, focused on its squares and along major arteries bordering its neighborhoods, are adequate to serve the needs of its residential and commercial communities. Any new major center of retail activity will diminish the viability of existing districts and introduce new problems of traffic and congestion.

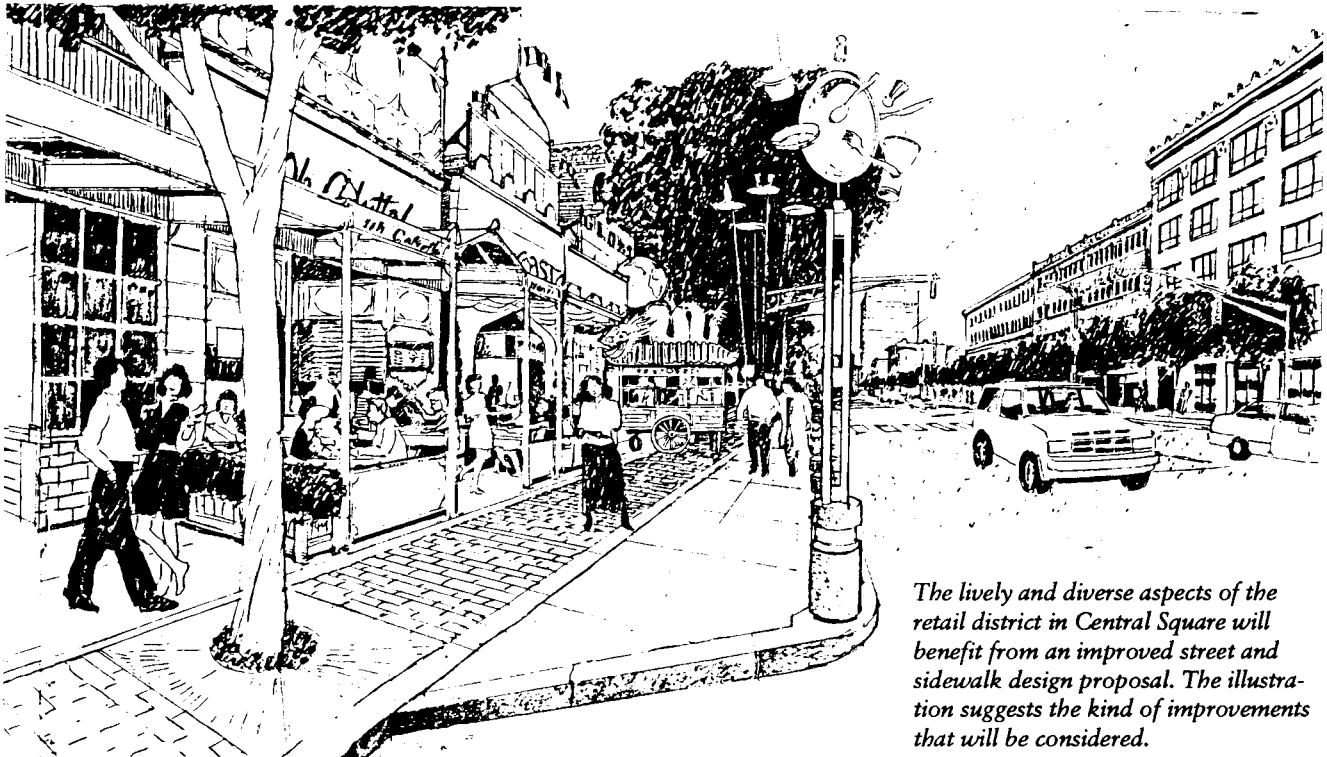
To the maximum extent possible all retail districts should be encouraged to serve their nearby neighborhoods or the city's residents generally. Nevertheless each has a special character, which may be the regional nature of its clientele, as in Harvard Square or at the Galleria Mall in East Cambridge; or that character may be represented by unique clusters of activities as represented by the bookstores in Harvard Square, the furniture stores in Putnam Square, or the antiques shops along Broadway. Such unique aspects permit each retail district to compete effectively in a regional environment, where people can move freely from town to town searching for the best bargains, while serving at some level the daily needs of the surrounding Cambridge neighborhoods.

POLICY 47

Existing retail districts should be strengthened; new retail activity should be directed toward the city's existing retail squares and corridors.

POLICY 48

Retail districts should be recognized for their unique assets, opportunities, and functions, and those aspects should be encouraged, in part to assure that they can compete with regional shopping centers and maintain their economic viability.



The lively and diverse aspects of the retail district in Central Square will benefit from an improved street and sidewalk design proposal. The illustration suggests the kind of improvements that will be considered.